



Home prices keep jumping

INLAND: Riverside and San Bernardino counties set records as sales also stay hot.

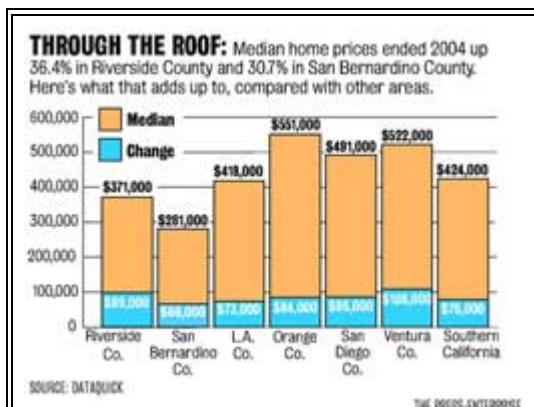
07:17 AM PST on Wednesday, January 19, 2005

By **LESLIE BERKMAN** / The Press-Enterprise

Spurred by new upscale homes hitting the market, Riverside County's median home price in December soared to a new high of \$371,000 in December. That was \$99,000 more than a year earlier and \$25,000 more than in November.

San Bernardino County also saw its median home price reach a record \$281,000, rising nearly 31 percent in a year.

John Karevoll, an analyst with DataQuick Information Systems, said a record 2,370 new homes sold in Riverside County in December, which was 14 percent more than closed escrow in December 2003.



 [Illustration: Click to enlarge](#)

Karevoll said the 1,113 new homes purchased in San Bernardino County in December was the highest count since December 1988.

Steve Johnson, a director with Metro Study, a Riverside real estate consulting firm, said first-time homebuyers are being driven to the resale market because builders are producing almost exclusively move-up housing for baby boomers with equity in hand and a yen for luxury homes.

The higher price of land, government fees, construction costs and boomer demand for "trophy houses," Johnson said, have combined to drive up housing prices.

Johnson predicted the intense pace of residential development would continue through 2005. "The result of the last two years of great economic activity has provided builders confidence to open many projects in areas that were previously underserved," he said.

In the last six months as sales and appreciation rates have begun to decline in coastal areas, Riverside and San Bernardino counties have taken the lead in Southern California's still exceptionally strong housing market.

"What is happening is that Riverside and San Bernardino Counties are playing catch-up," Karevoll said.

The coastal counties led the housing market upcycle for five to seven years, with the the Inland Empire lagging behind, Karevoll said. But he and Robert Kleinhenz, deputy chief economist for the California Association of Realtors,

predict that this year sales and appreciation in the two-county region will outpace the rest of the state.

Connie Caddy, 40, said she and her husband, Greg, have had their four-bedroom house in Corona on the market for two months. She said they are encountering home shoppers from Orange County who find it hard to believe how much more expensive Inland homes have become.

"They seem to be surprised, thinking they would get more for their money," she said.

Still, the comparative affordability of Inland housing has helped fuel the region's price and sales surge. Prospective buyers are coming from Orange County, where the median home price is \$551,000, from Los Angeles County, where it is \$418,000, and from San Diego County, where it is \$491,000.

The segment of Inland households financially able to buy an Inland house fell from 34 percent to 19 percent between November 2003 and November 2004, according to criteria used by the California Association of Realtors, which includes a 20 percent down payment. Nonetheless, Inland houses continue to sell.

"For every household that gets bumped out by higher prices, there are probably three that get bumped out in Orange County and San Diego County, and when they get bumped out they go to Riverside," Karevoll said.

While the pace of home sales fell by double digits in Orange and San Diego counties last month, home sales rose 5.5 percent in San Bernardino County. The rate of sales in Riverside County dropped 4.7 percent from a year earlier but was still the second-strongest December on record.

Mark Schneipp, director of the California Economic Forecast, a private consulting company, attributed the outsized strength of the Inland Empire's housing market to the region's superior job growth, larger amount of developable land and greater affordability.

"The Inland Empire is on a direction of its own. It has uncoupled from the rest of Southern California," he said.

Online at: http://www.pe.com/localnews/riverside/stories/PE_News_Local_dataquick19.ebe4.html

Source: Press-Enterprise Jan 19, 2005.